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FM AMEMBASSY CARACAS  
TO RUEHC/SECSTATE WASHDC PRIORITY 0820  
INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS  
RUEHBO/AMEMBASSY BOGOTA 7725  
RUEHLP/AMEMBASSY LA PAZ 2704  
RUEHPE/AMEMBASSY LIMA 0980  
RUEHQT/AMEMBASSY QUITO 2795  
RUCPDO/DEPT OF COMMERCE  
RUEATR/DEPT OF TREASURY  
RUMIAAA/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000386

SIPDIS

SIPDIS

HQ SOUTHCOM ALSO FOR POLAD  
TREASURY FOR MMALLOY  
COMMERCE FOR 4431/MAC/WH/MCAMERON  
SECSTATE PASS AGRICULTURE ELECTRONICALLY

E.O. 12958: DECL: 03/11/2018

TAGS: [EAGR](#) [ECON](#) [PGOV](#) [VE](#)

SUBJECT: THE FOOD SHORTAGE SAGA CONTINUES: THE MEAT CHAPTER

REF: A. 2007 CARACAS 2396

[1](#)B. 2007 CARACAS 2381

[1](#)C. 2007 CARACAS 2116

[1](#)D. 2007 CARACAS 657

Classified By: A/Economic Counselor Shawn Flatt for reasons 1.4 (d).

[1](#)1. (SBU) Summary: The president of the National Beef Council blamed meat shortages on BRV land seizures and the BRV's role in falling domestic productivity, labor shortages and price controls. The BRV has failed to provide coherent regulations in the beef sector and a reasonable level of physical security. An increase in consumer demand has exacerbated the situation. Venezuela, once self-sufficient in beef, now imports approximately 60 percent of its needs. End Summary.

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BRV POLICIES CAUSE SHORTAGES  
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[1](#)2. (C) On March 14, Meat Council president Jaime Branger (strictly protect throughout) told EconOffs BRV labor and land policies are responsible for the large drop in domestic meat production. Last spring Chavez announced plans to nationalize over a million acres of "idle land" (ref D). Recipients of nationalized land often have no experience in agriculture and in spite of generous government credits, have yet to produce a single kilo of beef according to Branger. Established producers are hesitant to invest given the very real threat of further nationalizations. Those who do decide to take the risk often run into long delays in acquiring the dollars needed to purchase expensive genetic material and machinery.

[1](#)3. (C) He went on to say that government policies have also contributed to both labor shortages and large increases in labor costs. With the introduction of the BRV's social projects, the "missions", the traditional agricultural labor force can now opt to receive relatively generous stipends instead of working (ref A). As a result, producers have a difficult time finding laborers in rural areas and labor costs have increased 30 percent in recent years. Mr. Branger also complained that while input prices such as grain and labor are all increasing at a dizzying pace, the government has not changed the legally mandated retail price of beef in

over a year.

14. (C) Other challenges for the meat industry include poor or outdated government regulations and rampant lawlessness in rural areas. He noted that the beef regulatory committee has not met in 7 years (ref C). Health standards are often disregarded and beef quality is dropping. Still, little is being done to regulate the industry effectively. New regulations, such as the BRV requirement that beef producers be certified, are unhelpful to say the least. To his knowledge, no producer has been successful in obtaining the new certification. He also argued that the BRV is doing nothing to prevent rural kidnappings, cattle theft, and extortion. In some cases, ranchers no longer visit outlying ranches due to personal safety concerns.

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DOMESTIC DEMAND  
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15. (SBU) Regarding increased consumption, Branger pointed out that in 2002, Venezuela had 22 million people consuming an average of 17 kilos of beef per person. The consumption demand was met by Venezuela's 11 million head of cattle. Now, Venezuela has 27 million people consuming 22 kilos of beef per person. Venezuela currently only has 12 million head of cattle. The increase of only 1 million head of cattle in 6 years is insufficient to cover the increase in population and demand per capita. Branger explained the increased demand per capita by stating that the poor have used income increases from BRV programs to purchase more high-end food products, including beef.

16. (C) The combination of higher input costs, reduced production, greater consumption, and price controls has led

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to an impressive increase in beef imports as well as clandestine exports. He stated that Colombians buyers have been flocking to Venezuela to purchase beef where the regulated price is low, and sell in Colombia where prices are much higher. These buyers have been sending their purchases across the border using both legal and illegal means (ref B).

He commented that the outflow of Venezuelan produced beef will continue as long as there is a significant price differential in the Venezuelan and Colombian markets. While Venezuelan beef is hitting the markets in Colombia, beef imports from countries such as Brazil have shot up. Branger reported that the BRV only allows a few Venezuelan companies to import beef and the process of selecting these chosen few is not transparent. The Council estimates that 60 percent of the beef consumed in Venezuela is currently imported. Branger also expressed concern that imported beef, particularly from Brazil, does not meet Venezuelan health standards.

DUDDY